

191—97.2(508) Purpose. The purpose of this chapter is to allow insurance companies to utilize certain alternative asset and reserve accounting practices for eligible derivative assets and indexed products, respectively, in order to better match asset and reserve accounting as it relates to interest crediting for indexed products and to provide for a more true and fair representation of the capital position of insurance companies that offer or have in force indexed products. Specifically, this chapter addresses the mismatch related to the changes in value of an eligible derivative asset as compared to the interest accrual in the reserve calculation for the underlying indexed product and provides insurance companies with the ability, once certain criteria are met, to: (1) account for eligible derivative assets using the amortized cost method, and (2) use a reserve calculation methodology for indexed annuity products under which interest credits based upon one or more external indices are included in the reserve only after those interest credits have been credited to the contract holder under the terms of the annuity contract.

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